GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2633
ANSWERED ON:10.05.2016
Price Structure of Chemicals
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

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(a) whether there is highly distorted price structure of chemicals like nitrogen, potassium etc. which is imbalancing damaging the fertility and breeding efficacy in the agriculture sector;

(b) whether subsidised urea is being smuggled to neighbouring countries and is being used for non agriculture purposes; and

(c) if so, the details of the measures being taken to ensure that fertilizers like urea reach the farmers at competitive cost and in time?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERILIZERS

(SHRI HANSRAJ GANGARAM AHIR)

(a): Yes Madam. Department of Fertilizers (DoF) has been implementing Nutrient Based Subsidy (NBS) w.e.f 01.04.2010 under which a fixed amount of subsidy is provided on each grade of Nitrogen 'N', Phosphorus 'P' and Potassium 'K' fertilizers based on its nutrient content. The amount of subsidy to be given is arrived at based on international and domestic prices, exchange rate and inventory of fertilizers in the country. Fertilizers companies are free to fix Maximum Retail Price of P&K fertilizers based on the market dynamics. However, these companies are required to fix MRP at reasonable level. Urea is provided to the farmers at a statutory price of Rs. 5360/- per MT which is relatively cheaper than the Nitrogenous P&K fertilizer. This is one of the major reported reasons for farmer's preference for using excessive urea leading to imbalance in fertility and breeding efficacy in agriculture sector. However, Soil Health Card scheme of the Government is aimed at correcting the imbalance in fertilizer use.

(b): Government has declared fertilizer as an essential commodity under the Essential Commodities Act, 1985 and notified Fertilizer Control Order, 1985 and Fertilizer (Movement Control) Order, 1973. The State Governments have been empowered to take appropriate action to curb black-marketing of fertilizers and initiate action against the persons who violate these orders. Department of Fertilizers has, from time to time, written to the Chief Secretaries of various States and ministry of Home Affairs to activate the enforcement agencies under their jurisdiction to take appropriate action to curb black-marketing. State Governments are responsible for ensuring availability of all subsidized chemical fertilizers to farmers at subsidized rates. However, during the current year, there is no report of black-marketing from any State Government so far.

(c): Under NBS, a fixed amount of subsidy is provided on each grade of Phosphatic and Potassic fertilizers based on its nutrient content. The fertilizer companies are free to fix MRP based on the market dynamics. However, Government keeps a check on the reasonableness of MRP. In case of Urea, the price is statutorily fixed by the Government.

Department of Fertilizers ensures availability of fertilizers at the state level and the distribution to the farmers within the State at printed Maximum retail Price (MRPs) is the responsibility of the State Governments.

The following steps are being taken by the Governments to make available Chemical fertilizers (Urea, DAP, MOP & NPK) in time to the farmers:

(i) The movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring system (www.urvarak.co.in) also called as Fertilizer Monitoring System (FMS);

(ii) The State Governments are regularly advised to coordinate with manufacturers and importers of fertilizers for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc.

(iii) Regular weekly Video Conference is conducted jointly by Department of Agriculture & Cooperation (DAC), Department of Fertilizers (DoF) and Ministry of Railways with State Agriculture Officials and corrective action are taken to dispatch fertilizer as indicated by the State Governments.

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